

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7706

BILL NUMBER: HB 1507

DATE PREPARED: Mar 5, 1999

BILL AMENDED: Mar 3, 1999

SUBJECT: Local Government.

FISCAL ANALYST: Bob Sigalow

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FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: (Amended) This bill provides that the portion of the Marion County maximum property tax levy that is attributable to the assessed valuation in the excluded cities in Marion County (Beech Grove, Lawrence, Southport, and Speedway) and the Indianapolis Police Special Service District, and that is budgeted for the county sheriff is 50% of the countywide levy. It makes changes in the maximum levy for Marion County, the excluded cities in Marion County, and the Indianapolis Police Special Service District.

Effective Date: July 1, 1999.

Explanation of State Expenditures: (Revised) The State's liability for property tax replacement credits (PTRC) would remain unchanged under this bill.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) This bill would reduce the Marion County's maximum levy by 50% of the sheriff's budget that is attributable to the excluded cities and the area served by IPD. This amount was estimated at \$9.7 million in 1998. The excluded cities' and IPD Special Service District maximum levies would increase by their share of the \$9.7 million. The estimated changes in maximum levies if this bill had been in effect for 1998 are as follows:

Police Department	Levy Change
Marion County	(9,657,171)
Lawrence	675,452
Beech Grove	337,515
Speedway	518,233
Southport	33,577
IPD Service District	8,092,395

This bill does not affect the overall combined levy of the excluded cities, the IPD Service District, and the Marion County taxing unit. However, if the excluded cities and the IPD Service District take advantage of the increase in their maximum levies and if the county unit's actual levy is reduced by the maximum levy reduction, then about \$5.7 million of the overall tax burden would shift from Marion County taxpayers located outside of the excluded cities and IPD service District to the taxpayers located inside of the cities and District. This is because the \$9.7 million reduction in the county unit's levy would be shared by all taxpayers in the county, but the \$9.7 million increase in excluded cities and IPD Service District levies is shared only by the taxpayers in the cities and District.

The following table details the change in tax rate and tax burden for the police service funds (Marion County Sheriff plus local police, if any) paid by taxpayers in the excluded cities, in the IPD Service District, and in the outlying county.

Taxpayers Located in:	Tax Burden Change	Tax Rate Change
Marion County (Outside of cities and IPD)	(5,655,003)	-0.1106
Lawrence	395,528	0.1563
Beech Grove	197,640	0.1563
Speedway	303,464	0.1563
Southport	33,577	0.1563
IPD Service District	4,738,708	0.1563

State Agencies Affected: State Board of Tax Commissioners.

Local Agencies Affected: Marion County Sheriff, Police Departments of the cities of Indianapolis, Lawrence, Beech Grove, Southport, and the town of Speedway.

Information Sources: State Board of Tax Commissioners -- Local Government Database.